

GEORGIA HEART
HOSPITAL PROGRAM
Helping Enhance Access to Rural Treatment

January 15, 2019

Dear 2018 HEART Contributor:

Thank you for your 2018 contribution to one of the rural hospitals participating in the Georgia HEART Hospital Program (“HEART”). In 2018, 5,400 Georgia taxpayers contributed nearly \$58.1 million to participating HEART hospitals.

As you know, your HEART contribution entitles you to take the Georgia Qualified Rural Hospital Organization Expense Tax Credit on your 2018 Georgia Form 500 Individual Income Tax Return (“Form 500”). Although we cannot provide you with official tax advice regarding the credit, for your convenience, we are furnishing the following information regarding filing requirements for individual taxpayers:

Please note that you are required to file your return electronically to claim the Georgia Qualified Rural Hospital Organization Expense (QRHOE) Tax Credit. Before selecting your e-filing software for 2018, please review the list of approved software vendors on the Georgia Department of Revenue website: <https://dor.georgia.gov/approved-software-vendors>. The QRHOE credit code is 136. That code should be supported by the software vendor which you select. (Note that Turbo Tax is a product owned by the vendor “Intuit.”)

1. Form IT-QRHOE-RHO1 – HEART previously sent to you Form IT-QRHOE-RHO1 to acknowledge your contribution. You provided this form to the Georgia Department of Revenue when you reported your contribution within your Georgia Tax Center account. It is advisable to keep a copy of Form IT-QRHOE-RHO1 with your tax records.
2. Form IT-QRHOE-TP2 – A copy of Georgia Form IT-QRHOE-TP2, Qualified Rural Hospital Organization Expense Tax Credit Computation, is available at <https://dor.georgia.gov/documents/it-qrhoe-tp2-2018>. The form needs to be completed by you and transmitted with an electronically filed return. A software program’s Form IT-QEE-TP2 that is electronically filed with the Georgia income tax return satisfies this requirement.
3. Form 500 – Georgia Income Adjustment – If you itemized your deductions on your federal income tax return, and you made your contribution to a qualified rural hospital on or before August 27, 2018, you should have claimed a charitable contribution deduction for your donation to a qualified rural hospital on your return (Federal Form 1040, Schedule A). In these cases, since you are receiving a Georgia income tax credit for your HEART hospital contribution, in order to prevent “double dipping,” you need to increase your Georgia taxable income for the amount deducted as a charitable contribution on your federal return. The amount of the increase to Georgia taxable

income is reported on Form 500 Schedule 1 - Adjustments to Income, as "Other". "QRHOE Credit Adjustment" can be used for the description.

4. Form 500 – Credit – The code number for the Qualified Rural Hospital Organization Expense Tax Credit is "136". This code number may need to be entered on Form 500 Schedule 2 - Georgia Tax Credit Usage and Carryover. Enter your "Credit Certificate #", your social security number, and credit amount to report the credit you are claiming for 2018.

The Qualified Rural Hospital Organization Expense Tax Credit is a "series 100" Georgia tax credit, and all Georgia tax credits (series 100) must be claimed on Schedule 2. Note that the amount of tax credits used from all Schedule 2s, from IND-CR, from other state(s) tax credit, and from the low-income housing credit may not be greater than the total amount of your tax obligation per the Form 500. If the total available credits exceed your tax, you must indicate which credits are being used in 2018 and report the amount to be carried forward. Amounts of the Qualified Rural Hospital Organization Expense Tax Credit in excess of the 2018 tax may be carried forward for up to five years.

We recommend that you contact your tax advisor or return preparer regarding the utilization of the Qualified Rural Hospital Organization Expense Tax Credit. In addition to the adjustments to your federal and Georgia income tax returns discussed above, other adjustments may be required based on your particular tax situation.

Thank you for taking the time to contribute to a Georgia HEART rural hospital! Because of your support, our participating rural hospitals are able to *Help Enhance Access to Rural Treatment* (HEART).

Very truly yours,
GEORGIA HEART HOSPITAL PROGRAM

James P. Kelly III
Director